



Third Taxing District

2 Second Street
East Norwalk, CT 06855

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Third Taxing District of the City of Norwalk Commission Meeting

Monday, June 28, 2021 at 6:30p.m.

At the Third Taxing District Office, 2 Second Street, East Norwalk, CT

1. Public Comment – 15 Minute Limit
2. Minutes of Meeting – May 24, 2021 Regular Meeting (Pgs. 1-5) and June 22, 2021 Special Meeting (Pgs. 6-9) – A/R
3. Discussion/Analysis of Financial Statements/Key Performance Indicators (Pgs. 10-16)
4. Engagement Letter – FYE 6/30/21 Audit – A/R (Pgs. 17-23)
5. General Manager's Report
6. Adjourn

*A/R – Action Required/See Attached Motion

Agenda backup material is available at the TTD office, www.ttd.gov and will be available at the meeting.

M:\Shared\ Commission Meeting Information\Agenda 6-28-2021.doc

District Commissioners

Johnnie Mae Weldon	203-216-2652	Chairperson	Kevin Barber	203-866-9271	General Manager
Pamela Parkington	203-858-4261	Commissioner	Ron Scofield	203-866-9271	Assistant General Manager
Michele Sweeney	203-820-3107	Commissioner	Read Auerbach	203-451-7047	Treasurer

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THIRD TAXING DISTRICT
of the City of Norwalk
ZOOM/Telephonic Commission Meeting
May 24, 2021

ATTENDANCE: Commissioners: Johnnie Mae Weldon, Chair; Pamela Parkington;
Michele Sweeney

STAFF: Kevin Barber, General Manager;
Ron Scofield, Assistant General Manager/District Clerk

OTHERS: Atty. Steve Studer, Berchem Moses (6:52 p.m.)

The Commission Meeting of May 24, 2021 was held via ZOOM and telephonically. All participants could hear and be heard.

CALL TO ORDER

Commissioner Weldon called the meeting to order at 6:30 p.m. A quorum was present.

PUBLIC COMMENT

No one from the public was in attendance to comment.

MINUTES OF MEETING

April 26, 2021 Regular Meeting

**** COMMISSIONER SWEENEY MOVED TO APPROVE THE MINUTES OF APRIL 26, 2021 REGULAR MEETING.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

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DISCUSSION/ANALYSIS OF FINANCIAL STATEMENTS/KEY PERFORMANCE INDICATORS

Mr. Barber reviewed the Financial Highlights with the Commission for the month of April 2021. Total Income is \$7,557,651 versus \$7,802,592 for last year, a difference of (3.14%) which is a reflection of the PCA being lowered to zero. Total Expense is \$7,285,130 versus \$7,847,040 for last year, a difference of (7.16%). Net Income before Rate Stabilization is \$822,425 versus (\$30,265) from last year or a difference of 2817%. Net Income after Rate Stabilization is \$451,577 versus (\$170,828) for last year, a difference of 364%.

Total cash balance on hand is \$7,506,687. Of this, the Capital Improvement Fund is \$2,664,454. Current outstanding principal balance with CMEEC is \$3,114,189. Current Fiscal Year Capital additions to date is \$143,935.

Mr. Barber reviewed the P&L for the Electric Department. All categories are in good shape except for the Purchased Power Adjustment (PPA) which shows no income due to the PCA being reduced to zero in order to provide relief to customers. The Norden Generators are back up and running and are available to run for the ISO market.

The P&L for the District is in very good shape and as a whole is under-budget. This is due largely in part to the pandemic which prohibited TTD from having summer concerts at the beach and the Christmas Tree lighting. The budget for the cemetery continues to be over-budget due to the tree clean-up from storm damage and the repair of the cemetery fence which was damaged in the Fall of 2020.

KPI's: They remain in good shape. Outstanding Receivables greater than 90 days is \$56,326, an increase from last year, which is a result of the pandemic.

RSF: The current balance of the RSF (Rate Stabilization Fund) is \$3,927,575, which is still above the target. It is expected to decrease approximately \$70,000 over the next two months, stay steady over the next year and start increasing again based on CMEEC's forecasting.

Accounts Receivable Analysis: The receivables continue to be in good shape. The balance of A/R which is greater than 90 days is currently \$56,326 which is still considered to be good considering the effects from the pandemic over the past year. Staff is continually working with customers to make payment arrangements or assist them in seeking outside help with their electric bills, i.e., Operation Fuel, Person-to-Person, Allianz CT and UniteCT.

PATRIOT BANK – LINE OF CREDIT RENEWAL

Mr. Barber reviewed the history of the Line of Credit (LOC) that Third Taxing District holds at Patriot Bank in the amount of \$500,000. It was for the purpose of having access to funds during the construction of the Fitch Street Substation and Cervalis projects. The original LOC had an

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expiration date of July 1, 2016. The LOC has been renewed multiple times with the last renewal having an expiration date of March 31, 2021.

Third Taxing District has not utilized this LOC since July 2015. There is no cost to maintain the LOC with Patriot Bank and the current interest rate is 3.25%. It is Mr. Barber's recommendation to the Commission to approve the extension of the LOC with Patriot Bank. This will provide Third Taxing District with access to funds in case of extenuating or emergency situations.

**** COMMISSIONER PARKINGTON MOVED TO AUTHORIZE KEVIN BARBER, GENERAL MANAGER OF THE THIRD TAXIND DISTRICT, TO RENEW FOR AND ON BEHALF OF THE THIRD TAXING DISTRICT THE LINE OF CREDIT WITH PATRIOT BANK IN THE AMOUNT OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000) ON THE TERMS SET OUT IN THE LOAN DOCUMENTS PREPARED BY PATRIOT BANK AND FURTHER REQUIRE KEVIN BARBER, BEFORE ACCESSING ANY FUNDS FROM THE LINE OF CREDIT, MUST RECEIVE AUTHORIZATION FROM THE DISTRICT COMMISSION AT A DULY CONVENED COMMISSION MEETING.**

**** COMMISSIONER SWEENEY SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

GENERAL MANAGER'S REPORT

Concerts

Mr. Barber informed the Commission that Mr. Scofield was informed by the City of Norwalk that Third Taxing District could move ahead with scheduling the concerts for the summer at Calf Pasture Beach. Mr. Scofield said that he is planning on holding six concerts this year and is currently working on scheduling the bands.

Operating & Capital Budgets

Mr. Barber said that he would like to hold a Special Commission meeting during the month of June for the presentation and review of the budget to the Commission. This would allow for him to bring back any changes to the Commission at the regularly scheduled June meeting if need be.

District Commission Meetings

Mr. Barber asked the Commission their thoughts about starting to meet again in-person. The Commission was in agreement to begin meeting in-person. Starting with the June 28, 2021, the Commission and staff will begin meeting in-person at the Third Taxing District office. If any public joins the meeting, masks will be required.

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EXECUTIVE SESSION

- **REAL ESTATE – 213 EAST AVENUE – CGS-1-200(6)(B) & CGS-1-200(6)(D)**

**** COMMISSIONER SWEENEY MOVED TO ENTER INTO EXECUTIVE SESSION TO DISCUSS 213 EAST AVENUE REAL ESTATE.**

**** COMMISSIONER WELDON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Atty. Steve Studer, and Messrs. Barber and Scofield entered into Executive Session at 7:00 p.m.

**** COMMISSIONER SWEENEY MOVED TO EXIT EXECUTIVE SESSION.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The Commissioners, Atty. Steve Studer, and Messrs. Barber and Scofield returned to public session at 7:37 p.m.

**** COMMISSIONER PARKINGTON MOVED TO AUTHORIZE GENERAL MANAGER, KEVIN BARBER, TO WORK WITH THE STATE OF CONNECTICUT ON THE ACQUISITION OF 213 EAST AVENUE AND TO TAKE THE APPROPRIATE STEPS NECESSARY IN NEGOTIATING WITH THE STATE OF CONNECTICUT, INCLUDING THE HIRING OF AN APPRAISER ON BEHALF OF THE DISTRICT.**

**** COMMISSIONER SWEENEY SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

ADJOURNMENT

**** COMMISSIONER PARKINGTON MOVED TO ADJOURN.**

**** COMMISSIONER SWEENEY SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 7:44 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

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May 24, 2021

MOTION FOR MINUTES

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) REGULAR MEETING.

OR

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) REGULAR MEETING AS CORRECTED.

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THIRD TAXING DISTRICT
of the City of Norwalk
ZOOM/Telephonic Special Commission Meeting
June 22, 2021

ATTENDANCE: Commissioners: Johnnie Mae Weldon, Chair; Pamela Parkington;
Michele Sweeney

STAFF: Kevin Barber, General Manager;
Ron Scofield, Assistant General Manager/District Clerk;
Mike Adams, General Line Foreman

OTHERS: Matt Allred, Bliss Allred

The Special Commission Meeting of June 22, 2021 was held via ZOOM and telephonically. All participants could hear and be heard.

CALL TO ORDER

Commissioner Weldon called the meeting to order at 6:01 p.m. A quorum was present.

PUBLIC COMMENT

No one from the public was in attendance to comment.

REVIEW AND APPROVAL OF 2021-22 ANNUAL OPERATING & CAPITAL BUDGETS

Mr. Barber presented the budgets to the Commission. The format of the budgets remained the same as last year.

Mr. Barber reviewed the Proposed Operating Budget for FY2021-22 with the Commission and explained line items as necessary. Highlights include:

- Cervalis Data Center Revenue adjusted to reflect increase in load due to expansion.
- PCA rate set to \$.0065/kWh or half the previous year's budgeted rate of \$0.013/kWh.

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- Pension expense adjusted according to the Actuarial Valuation Report dated July 1, 2020.
- Norden Project Income decreased due to a reduction of the ISO-NE capacity market pricing.
- Distribution to the “District Fund” based on the approved Third Taxing District budget.

The proposed Operating Budget Summary is as follows:

Total Operating Revenue	\$10,031,916
Total Operating Expense	\$10,054,014
Total Other Income	\$ 559,896
Total Other Expense	<u>\$ 305,000</u>
Net Other Income	\$ 254,896
Net Income	\$ 232,798

Mr. Barber reviewed the 16 Proposed Capital projects totaling \$821,500 with the Commission, as well as the 7 Carryover Capital projects totaling \$531,000 from the current FY2020-21 budget. The projects discussed in more detail included:

- Back-Up Generator
- Distribution Improvements – State CT DOT Projects

Mr. Barber answered all questions from the Commission about the budgets.

**** COMMISSIONER PARKINGTON MOVED TO APPROVE THE OPERATING AND CAPITAL BUDGETS AS PRESENTED TO THE COMMISSION FOR THE FISCAL YEAR JULY 1, 2021 TO JUNE 30, 2022.**

**** COMMISSIONER SWEENEY SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

ADJOURNMENT

**** COMMISSIONER SWEENEY MOVED TO ADJOURN.**

**** COMMISSIONER PARKINGTON SECONDED.**

**** THE MOTION PASSED UNANIMOUSLY.**

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The meeting adjourned at 6:43 p.m.

Respectfully submitted,

Cynthia Tenney
Executive Assistant
Third Taxing District

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COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) SPECIAL COMMISSION MEETING.

OR

COMMISSIONER (name of Commissioner) MOVED TO APPROVE THE MINUTES OF (date of meeting) SPECIAL COMMISSION MEETING AS CORRECTED.

**Third Taxing District
Financial Highlights
Jul-May-2021 vs. Jul-May-2020**

	Jul-May-21	Jul-May-20	\$ Change	% Change
Total Income	8,183,275	8,479,451	(296,176)	-3.49%
Total Expense	8,338,697	8,503,080	(164,383)	-1.93%
Net Ordinary Income	(155,422)	(23,629)	(131,793)	-558%
Other Income	858,163	575,719	282,444	49%
Other Expense	265,000	325,773	(60,773)	-19%
Net Income before Rate Stabilization	437,741	226,317	211,424	93%
Rate Stabilization	(449,218)	(199,516)	(249,702)	-125%
Net Income	(11,477)	26,801	(38,278)	-143%

CASH BALANCES

	May-21
ACCTS	
Operating Accounts	2,521,032
Savings	2,313,891
Capital Improvements Fund	2,668,658
Total	\$ 7,503,581

TTD Outstanding Principal Balance with CMEEC

Balance as of July 1, 2020	\$ 3,270,529
Current Balance*	\$ 4,322,990
Current Fiscal Year Capital Additions to date	\$ 156,705

*As of May 2021, current balance includes CMEEC and Transco debt.

**Third Taxing District
Profit & Loss Budget vs. Actual
July 2020 through May 2021**

	Current Month				Year to Date			
	May 21	Budget	\$ Over Budget	% of Budget	Jul '20 - May 21	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
443-00 · Cervalis Data Center Revenues	38,553.33	23,740.70	14,812.63	62.39%	408,248.10	289,882.03	118,366.07	40.83%
440-00 · Residential Sales	255,871.50	245,322.74	10,548.76	4.3%	3,772,588.73	3,504,100.95	268,487.78	7.66%
442-01 · Large Commercial Sales	54,055.41	57,409.06	-3,353.65	-5.84%	668,635.71	794,673.25	-126,037.54	-15.86%
442-02 · Small Commercial Sales	185,263.55	175,726.28	9,537.27	5.43%	2,299,972.42	2,304,131.47	-4,159.05	-0.18%
445-01 · Water Pollutin Contrl Plnt Sales	83,062.41	77,181.16	5,881.25	7.62%	946,566.56	896,099.72	50,466.84	5.63%
445-02 · Flat Rate	8,367.54	8,283.14	84.40	1.02%	86,421.56	85,863.86	557.70	0.65%
451-00 · Miscellaneous Service Revenue	450.00	1,156.31	-706.31	-61.08%	841.92	11,961.62	-11,119.70	-92.96%
557-00 · Purchased Power Adjustment	0.00	54,972.49	-54,972.49	-100.0%	0.00	682,622.11	-682,622.11	-100.0%
Total Income	625,623.74	643,791.88	-18,168.14	-2.82%	8,183,275.00	8,569,335.01	-386,060.01	-4.51%
Cost of Goods Sold								
555-00 · Electrical Power Purchased	308,257.09	338,292.00	30,034.91	8.88%	3,989,749.43	4,200,752.00	211,002.57	5.02%
Total COGS	308,257.09	338,292.00	30,034.91	8.88%	3,989,749.43	4,200,752.00	211,002.57	5.02%
Gross Profit	317,366.65	305,499.88	11,866.77	3.88%	4,193,525.57	4,368,583.01	-175,057.44	-4.01%
Expense								
904-00 · Substation	11,796.08	15,541.66	3,745.58	24.1%	160,618.72	170,958.34	10,339.62	6.05%
403-00 · Depreciation Expense	64,587.47	71,666.66	7,079.19	9.88%	710,462.17	788,333.34	77,871.17	9.88%
408-00 · Taxes	485.73	1,100.01	614.28	55.84%	313,819.40	293,349.99	-20,469.41	-6.98%
540-00 · Other Power Generation Expense	49,150.59	11,500.00	-37,650.59	-327.4%	115,483.11	126,500.00	11,016.89	8.71%
580-00 · Distribution Expenses	9,139.29	16,875.00	7,735.71	45.84%	126,586.86	185,625.00	59,038.14	31.81%
590-00 · Maintenance Expenses	42,942.79	51,761.67	8,818.88	17.04%	525,121.71	569,378.33	44,256.62	7.77%
900-00 · Customer Accounts & Service	23,906.38	36,970.83	13,064.45	35.34%	444,049.97	406,679.17	-37,370.80	-9.19%
920-00 · Administrative Expenses	191,742.11	192,931.67	1,189.56	0.62%	1,952,805.87	2,122,248.33	169,442.46	7.98%
Total Expense	393,750.44	398,347.50	4,597.06	1.15%	4,348,947.81	4,663,072.50	314,124.69	6.74%
Net Ordinary Income	-76,383.79	-92,847.62	16,463.83	-17.73%	-155,422.24	-294,489.49	139,067.25	47.22%
Other Income/Expense								
Other Income								
418-00 · Dividends	5,700.25	5,833.33	-133.08	-2.28%	61,404.55	64,166.67	-2,762.12	-4.3%
419-00 · Interest Income	1,678.97	2,083.33	-404.36	-19.41%	20,086.03	22,916.67	-2,830.64	-12.35%
420-00 · Gain/(Loss) on Investments	-1,496.90	0.00	-1,496.90	-100.0%	254,867.00	0.00	254,867.00	100.0%
421-00 · Norden Project Income	28,500.00	33,745.00	-5,245.00	-15.54%	338,752.96	371,195.00	-32,442.04	-8.74%
423-00 · Gain/(Loss) from Sale of FA	0.00	416.67	-416.67	-100.0%	170.25	4,583.33	-4,413.08	-96.29%
424-00 · Energy Conservation Fund Income	9,162.92	10,833.33	-1,670.41	-15.42%	120,668.24	119,166.67	1,501.57	1.26%
425-00 · Miscellaneous Income	0.00	1,250.00	-1,250.00	-100.0%	62,213.75	13,750.00	48,463.75	352.46%
Total Other Income	43,545.24	54,161.66	-10,616.42	-19.6%	858,162.78	595,778.34	262,384.44	44.04%
Other Expense								
426-30 · PERSON TO PERSON	0.00	0.00	0.00	0.0%	0.00	20,000.00	20,000.00	100.0%
426-10 · Distribution to "District Fund"	0.00	0.00	0.00	0.0%	265,000.00	265,000.00	0.00	0.0%
Total Other Expense	0.00	0.00	0.00	0.0%	265,000.00	285,000.00	20,000.00	7.02%
Net Other Income	43,545.24	54,161.66	-10,616.42	-19.6%	593,162.78	310,778.34	282,384.44	90.86%
Net Income	-32,838.55	-38,685.96	5,847.41	15.12%	437,740.54	16,288.85	421,451.69	2,587.36%

TTD District Fund
Profit & Loss Budget vs. Actual
July 2020 through May 2021

	Current Month				Year to Date			
	May 21	Budget	\$ Over Budget	% of Budget	Jul '20 - May 21	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense								
Income								
980-02 · INTEREST INCOME	26.09	27.08	-0.99	-3.66%	327.00	297.92	29.08	9.76%
980-05 · FIRE HOUSE RENT	0.00	0.00	0.00	0.0%	45,374.00	45,374.00	0.00	0.0%
980-10 · FUNDING FROM ELECTRIC	0.00	0.00	0.00	0.0%	265,000.00	265,000.00	0.00	0.0%
Total Income	26.09	27.08	-0.99	-3.66%	310,701.00	310,671.92	29.08	0.01%
Expense								
980-12 · FEES- COMISSIONERS	0.00	0.00	0.00	0.0%	7,875.00	7,875.00	0.00	0.0%
980-14 · FEES-CLERKS	0.00	0.00	0.00	0.0%	1,350.00	1,350.00	0.00	0.0%
980-16 · FEES-TREASURER	0.00	0.00	0.00	0.0%	1,350.00	1,350.00	0.00	0.0%
980-17 · Fees - Rate Payer Rep	0.00	0.00	0.00	0.0%	1,350.00	1,350.00	0.00	0.0%
980-19 · PAYROLL EXPENSES	0.00	0.00	0.00	0.0%	843.47	975.00	131.53	13.49%
980-20 · PARKS MAINTENANCE	2,921.71	2,341.66	-580.05	-24.77%	17,426.26	25,758.34	8,332.08	32.35%
980-30 · EAST NORWALK CEMETERY ASS'N	3,437.18	1,775.00	-1,662.18	-93.64%	33,255.97	19,525.00	-13,730.97	-70.33%
980-34 · Library - Master Plan	0.00	0.00	0.00	0.0%	0.00	0.00	0.00	0.0%
980-35 · EAST NORWALK IMP ASSOC LIBRARY	11,400.65	825.00	-10,575.65	-1,281.9%	186,233.36	187,325.00	1,091.64	0.58%
980-40 · CHRISTMAS TREE LIGHTING	0.00	0.00	0.00	0.0%	3,940.00	6,750.00	2,810.00	41.63%
980-45 · FIREHOUSE EXPENSES	0.00	125.00	125.00	100.0%	0.00	1,375.00	1,375.00	100.0%
980-55 · CONCERTS IN THE PARK	0.00	0.00	0.00	0.0%	0.00	33,000.00	33,000.00	100.0%
980-70 · ANNUAL MEETING EXPENSES	1,078.20	0.00	-1,078.20	-100.0%	1,578.20	3,200.00	1,621.80	50.68%
980-90 · CONTINGENCY EXPENSES	0.00	2,500.00	2,500.00	100.0%	0.00	27,500.00	27,500.00	100.0%
980-95 · Other District Services	0.00	833.33	833.33	100.0%	2,500.00	9,166.67	6,666.67	72.73%
Total Expense	18,837.74	8,399.99	-10,437.75	-124.26%	257,702.26	326,500.01	68,797.75	21.07%
Net Ordinary Income	-18,811.65	-8,372.91	-10,438.74	124.67%	52,998.74	-15,828.09	68,826.83	-434.84%
Other Income/Expense								
Other Income								
980-97 · MISCELLANEOUS	0.00	0.00	0.00	0.0%	5,100.00	0.00	5,100.00	100.0%
Total Other Income	0.00	0.00	0.00	0.0%	5,100.00	0.00	5,100.00	100.0%
Net Other Income	0.00	0.00	0.00	0.0%	5,100.00	0.00	5,100.00	100.0%
Net Income	-18,811.65	-8,372.91	-10,438.74	-124.67%	58,098.74	-15,828.09	73,926.83	467.06%

**THIRD TAXING DISTRICT
KEY PERFORMANCE INDICATORS (KPI'S)
May**

	Formula	2021	2020	Industry Average (Bandwidth)	Comments	
1) OPERATING RATIO - This ratio measures the proportion of revenues required to cover the operation and maintenance costs associated with the operation of the electric utility.						
a.	<i>Operating Ratio - without Change in Rate Stabilization Fund</i>	Total Operating Expenses / Total Operating Revenues	101.90%	100.28%	95-105%	Calculation is based on the CMEEC billable rate that is set by TTD
b.	<i>Operating Ratio - with Change in Rate Stabilization Fund</i>	Total Operating Expenses + Change in RSF / Total Operating Revenues	107.39%	102.63%	95-105%	Reflects the true total operating expenses by including the change (+/-) in the rate stabilization fund.
2) POWER SUPPLY EXPENSE RATIO - This ratio measures the proportion of the total operating expenses that is for power supply (purchased power)						
2) a.	<i>Power Supply Expense Ratio - without Change in Rate Stabilization Fund</i>	Purchased Power / Total Operating Expenses	47.85%	52.32%	65% - 70%	Calculation is based on the CMEEC billable rate that is set by TTD
b.	<i>Power Supply Expense Ratio - with Change in Rate Stabilization Fund</i>	Purchased Power + Change in RSF / Total Operating Expenses	53.23%	54.67%	65% - 70%	Reflects the true total operating expenses by including the change (+/-) in the rate stabilization fund.
3) OUTSTANDING RECEIVABLES - Total amount of outstanding receivables greater than 90 days past due						
a.	<i>Outstanding Receivables - Dollars</i>	Total (\$) Outstanding Receivables > 90 days	\$55,242	\$39,964		Indicates if TTD is doing an adequate job of collecting past due receivables
b.	<i>Percentage of total receivables</i>	Receivables > 90 days past due / total receivables	9.92%	5.27%		Indicates the percentage of receivables that is greater than 90 days past due
4) RATE OF RETURN - Year to Date (YTD) Net income divided by audited Net Book Value						
	<i>Actual Rate of Return on Rate Base</i>	AUTHORIZED BY STATE STATUTE	0.0%	0.0%	Varies by state 5 - 8 %	Rate of Return authorized by State statute
5) RATE STABILIZATION FUND - this index lists the balance of the rate stabilization fund held for TTD at CMEEC						
	<i>Rate Stabilization Fund balance</i>	RSF Balance	\$3,875,490	\$ 3,770,821	\$2.75MM -\$3.0MM	Commission approved the target balance, which is based on a RSF balance to cover 6 months of power bills
7) ENERGY LOSS % - This ratio measures how much energy is lost in the utility's electrical system and is an indicator of the efficiency of the electrical system.						
	<i>Energy Loss %</i>	Total Energy Losses/Total Sources of Energy	5.98%	4.91%	2.5% - 6%	This ratio is calculated on a 12 month rolling average of electricity purchased compared to energy sold to customers

East Norwalk - PCA Calculation

Power Cost Adjustment Calculation
6 Month Rolling Average (starting January 2014)

Yellow indicates Forecast

Orange indicates data is from the preliminary CMEEC monthly bill, numbers will change when the "true up" numbers are available from CMEEC

Green indicates the final numbers have been entered for the month.

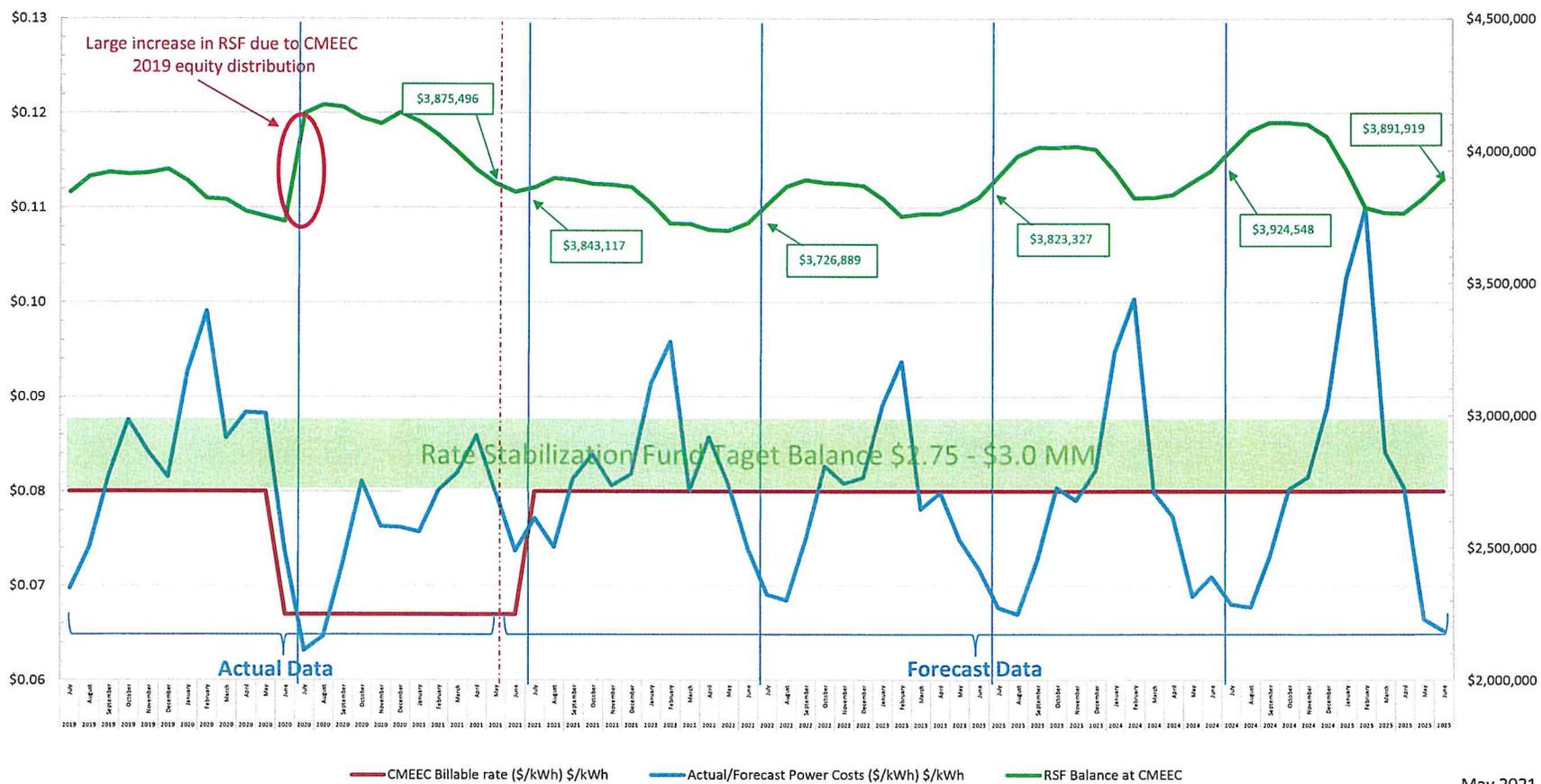
Colors will change when actual numbers are received.

		2020 July	2020 August	2020 September	2020 October	2020 November	2020 December	2021 January	2021 February	2021 March	2021 April	2021 May	2021 June
Total Energy	kWh												
CMEEC Billable rate (\$/kWh)	\$/kWh	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700	0.06700
h Grand Total (Actual) Purchased Power Costs	\$	\$ 428,375	\$ 405,029	\$ 337,627	\$ 323,798	\$ 320,996	\$ 409,411	\$ 430,438	\$ 416,765	\$ 399,837	\$ 344,372	\$ 336,355	\$ 356,098
i (Sum of current and previous 5 months)	\$	2,380,571	2,320,317	2,272,892	2,213,295	2,187,225	2,225,235	2,227,299	2,239,035	2,301,244	2,321,819	2,337,178	2,283,864
j kWh's Purchased	kWh												
l Total Purchased Power kWh Units	kWh	6,781,298	6,264,945	4,662,713	3,994,545	4,208,126	5,374,967	5,685,355	5,204,353	4,879,627	4,009,455	4,214,976	4,831,717
m (Sum of current and previous 5 months)	kWh	29,286,976	30,853,997	31,020,538	30,674,665	30,948,255	31,286,594	30,190,651	29,130,059	29,346,973	29,361,883	29,368,733	28,825,483
Actual/Forecast Power Costs (\$/kWh)	\$/kWh	0.06317	0.06465	0.07241	0.08106	0.07628	0.07617	0.07571	0.08008	0.08194	0.08589	0.0798	0.0737
n Power (Actual) Supply Costs @ Retail	\$	0.0858	0.0794	0.0774	0.0762	0.0746	0.0751	0.0779	0.0812	0.0828	0.0835	0.0840	0.0837
o Base Fuel Cost	\$	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958
p Loss Factor	%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
q Calculated PCA	\$	(0.0100)	(0.0164)	(0.0184)	(0.0196)	(0.0212)	(0.0207)	(0.0179)	(0.0146)	(0.0130)	(0.0123)	(0.0118)	(0.0121)
r Actual PCA Implemented	\$	-	-	-	-	-	-	-	-	-	-	-	-
s Total System Retail Sales (kWh's)	kWh	5,819,222	6,514,295	4,592,663	4,526,377	4,137,523	3,802,784	5,934,444	5,023,389	4,492,299	4,542,060	3,689,983	4,561,141
t Base PCA Revenue	\$	557,481	624,069	439,977	433,627	396,375	364,307	568,520	481,241	430,362	435,129	353,500	436,957
u Fuel Factor Revenue	\$	-	-	-	-	-	-	-	-	-	-	-	-
v Total Revenues through PCA	\$	557,481	624,069	439,977	433,627	396,375	364,307	568,520	481,241	430,362	435,129	353,500	436,957
w Difference of Collection vs Expense	\$	\$ 7,824,847	\$ 8,043,887	\$ 8,146,237	\$ 8,256,067	\$ 8,331,445	\$ 8,286,341	\$ 8,424,422	\$ 8,488,898	\$ 8,519,424	\$ 8,610,181	\$ 8,627,327	\$ 8,708,186
Over collect / (Under Collect) in each month		\$129,106.88	\$219,040.76	\$102,350.06	\$109,829.11	\$75,378.85	(\$45,104.53)	\$138,081.52	\$64,476.08	\$30,525.61	\$90,757.26	\$17,145.28	\$80,859.74
RSF Balance at CMEEC		4,141,322.00	4,173,036.00	4,164,408.00	4,123,607.00	4,101,845.00	4,144,613.00	4,109,938.00	4,057,903.00	3,994,553.00	3,927,575.00	3,875,490.00	3,843,117.49
Diff between Billed Rate and Actual Cost	\$	0.00383	0.00235	(0.00541)	(0.01406)	(0.00928)	(0.00917)	(0.00871)	(0.01308)	(0.01494)	(0.01889)	(0.01280)	(0.00670)
Affect on RSF - by Month	\$	25,972.37	14,722.62	(25,225.28)	(56,163.30)	(39,051.41)	(49,288.45)	(49,519.44)	(68,072.94)	(72,901.63)	(75,738.60)	(53,951.69)	(32,372.51)

East Norwalk - PCA Calculation
 Power Cost Adjustment Calculation
 6 Month Rolling Average (starting January 2014)

		2021 July	2021 August	2021 September	2021 October	2021 November	2021 December	2022 January	2022 February	2022 March	2022 April	2022 May	2022 June
Total Energy	kWh												
CMEEC Billable rate (\$/kWh)	\$/kWh	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000	0.08000
h Grand Total (Actual) Purchased Power Costs	\$	\$ 487,952	\$ 439,037	\$ 387,368	\$ 336,424	\$ 339,530	\$ 422,675	\$ 495,400	\$ 462,221	\$ 402,380	\$ 347,767	\$ 335,938	\$ 357,999
i (Sum of current and previous 5 months)	\$	2,341,378	2,363,651	2,351,183	2,343,234	2,346,410	2,412,987	2,420,435	2,443,618	2,458,629	2,469,972	2,466,381	2,401,704
j kWh's Purchased	kWh												
l Total Purchased Power kWh Units	kWh	6,323,903	5,926,532	4,762,332	4,009,820	4,211,489	5,165,280	5,418,354	4,825,858	5,024,721	4,057,482	4,158,684	4,846,335
m (Sum of current and previous 5 months)	kWh	29,464,032	30,186,210	30,068,915	30,069,280	30,065,793	30,399,355	29,493,806	28,393,132	28,655,521	28,703,183	28,650,378	28,331,434
Actual/Forecast Power Costs (\$/kWh)	\$/kWh	0.07716	0.07408	0.08134	0.0839	0.08062	0.08183	0.09143	0.09578	0.08008	0.08571	0.08078	0.07387
n Power (Actual) Supply Costs @ Retail	\$	0.0839	0.0827	0.0826	0.0823	0.0824	0.0838	0.0867	0.0909	0.0906	0.0909	0.0909	0.0895
o Base Fuel Cost	\$	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958	0.0958
p Loss Factor	%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
q Calculated PCA	\$	(0.0119)	(0.0131)	(0.0132)	(0.0135)	(0.0134)	(0.0120)	(0.0091)	(0.0049)	(0.0052)	(0.0049)	(0.0049)	(0.0063)
r Actual PCA Implemented	\$	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065	\$ 0.0065
s Total System Retail Sales (kWh's)	kWh	5,969,765	5,594,646	4,495,641	3,785,270	3,975,645	4,876,024	5,114,926	4,555,610	4,743,337	3,830,263	3,925,797	4,574,941
t Base PCA Revenue	\$	571,903	535,967	430,682	362,629	380,867	467,123	490,010	436,427	454,412	366,939	376,091	438,279
u Fuel Factor Revenue	\$	38,803	36,365	29,222	24,604	25,842	31,694	33,247	29,611	30,832	24,897	25,518	29,737
v Total Revenues through PCA	\$	610,707	572,332	459,904	387,233	406,708	498,817	523,257	466,039	485,243	391,836	401,609	468,016
w Difference of Collection vs Expense	\$	\$ 8,830,941	\$ 8,964,236	\$ 9,036,772	\$ 9,087,581	\$ 9,154,759	\$ 9,230,902	\$ 9,258,758	\$ 9,262,577	\$ 9,345,440	\$ 9,389,510	\$ 9,455,180	\$ 9,565,198
Over collect / (Under Collect) in each month		\$122,754.59	\$133,294.81	\$72,536.03	\$50,809.21	\$67,178.26	\$76,142.41	\$27,856.85	\$3,818.26	\$82,863.69	\$44,069.11	\$65,670.56	\$110,017.66
RSF Balance at CMEEC		3,861,077.38	3,896,162.45	3,889,780.92	3,874,142.62	3,871,531.50	3,862,079.04	3,800,147.26	3,723,995.22	3,723,593.25	3,700,425.02	3,697,181.25	3,726,889.29
Diff between Billed Rate and Actual Cost	\$	0.00284	0.00592	(0.00134)	(0.00390)	(0.00062)	(0.00183)	(0.01143)	(0.01578)	(0.00008)	(0.00571)	(0.00078)	0.00613
Affect on RSF - by Month	\$	17,959.89	35,085.07	(6,381.52)	(15,638.30)	(2,611.12)	(9,452.46)	(61,931.78)	(76,152.03)	(401.98)	(23,168.22)	(3,243.77)	29,708.04

Rate Stabilization Balance - 5 Year Forecast



May 2021



May 28, 2021

Mr. Kevin Barber, General Manager
Third Taxing District of the City of Norwalk, Connecticut
2 Second Street
East Norwalk, CT 06855

**ENGAGEMENT LETTER FOR THE YEAR ENDING
JUNE 30, 2021**

Dear Mr. Barber:

We are pleased to confirm our understanding of the services we are to provide the Third Taxing District of the City of Norwalk, Connecticut for the year ending June 30, 2021.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and the disclosures, which collectively comprise the basic financial statements of the Third Taxing District of the City of Norwalk, Connecticut as of and for the year ending June 30, 2021. Accounting standards generally accepted in the United States of America (GAAS) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Third Taxing District of the City of Norwalk, Connecticut's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Third Taxing District of the City of Norwalk, Connecticut's RSI in accordance with GAAS. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedule of Changes in the District's Net Pension Liability and Related Ratios
3. Schedule of Net Pension Liability
4. Schedule of District Contributions - Pension Trust Fund.
5. Schedule of Investment Returns – Pension Trust Fund
6. Schedule of Changes in the Total OPED Liability and Related Ratios
7. Schedule of Changes in the Total OPED Liability

We have also been engaged to report on supplementary information other than RSI that accompanies the Third Taxing District of the City of Norwalk, Connecticut's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and

Mr. Kevin Barber, General Manager
Third Taxing District

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Audit Scope and Objectives - Continued

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole.

1. Schedule of Utility Plant.
2. Schedule of Various Operating Expenses.
3. Schedule of Various Administrative Expenses.

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. as part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatement may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the

Mr. Kevin Barber, General Manager
Third Taxing District

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Auditor's Responsibilities for the Audit of the Financial Statements - Continued

appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend it to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

Audit Procedures - Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Third Taxing District City of Norwalk, Connecticut's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of the Third Taxing District of the City of Norwalk, Connecticut in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other

Mr. Kevin Barber, General Manager
Third Taxing District

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Other Services - Continued

services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refused to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3), others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon

Mr. Kevin Barber, General Manager
Third Taxing District

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Responsibilities of Management for the Financial Statements - Continued

or make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Hope & Hernandez, P.C. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a cognizant agency or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Hope & Hernandez, P.C.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to a cognizant agency or its designee. The cognizant agency or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Charles J Rubertino, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately August 9, 2021 and to issue our reports no later than October 31, 2021.

Our fee for the audit for the year ending June 30, 2021 will be \$22,975. Our fees for other special auditing, accounting services or consulting services will be billed at the rate of \$100 per hour plus expenses.

The fee estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable upon presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and will not be resumed until your account is paid in full. If we

Mr. Kevin Barber, General Manager
Third Taxing District

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Engagement Administration, Fees and Other - Continued

elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Reporting

We will issue a written report upon completion of our audit of the Third Taxing District of the City of Norwalk, Connecticut's financial statements. Our report will be addressed to the Honorable Commissioners of the Third Taxing District of the City of Norwalk, Connecticut. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to the Third Taxing District of the City of Norwalk, Connecticut and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Charles J. Rubertino, CPA, President

RESPONSE:

This letter correctly sets forth the understanding of the Third Taxing District of the City of Norwalk, Connecticut.

Management Signature: _____

Title: _____

Date: _____

**** COMMISSIONER _____ MOVED TO APPROVE KEVIN BARBER,
GENERAL MANAGER TO ENGAGE HOPE & HERNANDEZ TO PERFORM THE
AUDIT FOR THIRD TAXING DISTRICT FOR FYE JUNE 30, 2021 FOR A COST NOT
TO EXCEED \$_____.**

**** COMMISSIONER _____ SECONDED.**